

**Internal Revenue Service**

Number: **200708061**

Release Date: 2/23/2007

Index Number: 54.00-00

Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:TEGE:EOEG:TEB

PRESP-146668-06

Date:

November 13, 2006

Dear :

This letter is in response to your application for an allocation of authority to issue \$  
in Clean Renewable Energy Bonds (CREBs) under section 54 of the  
Internal Revenue Code (the Code).

Section 54(f)(1) of the Code imposes a Limitation of \$800,000,000 on the amount of CREBs which may be issued to finance qualified projects (the Limitation). Section 54(f)(2) provides that the Limitation is to be allocated by the Secretary of Treasury in such manner as the Secretary deems appropriate except that no more than \$500,000,000 of the Limitation may be allocated to finance qualified projects of qualified borrowers which are governmental bodies.

Section 6 of Notice 2005-98, 2005-52 I.R.B. 1211, provides that the Limitation will be allocated among qualified projects for which a share of such Limitation has been requested beginning with the project(s) requesting the smallest share (in dollar amount) and continuing with the project(s) requesting the next-smallest share until the total Limitation has been exhausted. However, in the event that \$500,000,000 has been allocated to qualified projects of qualified borrowers that are governmental bodies, the remaining shares of the Limitation will be allocated, under the methodology described in the previous sentence, only to qualified projects of qualified borrowers that are not governmental bodies. For purposes of allocating the Limitation among projects, all qualified projects located at the same site and owned by the same qualified borrower are treated as a single project and each project is treated as requesting a single allocation.

Pursuant to section 54(f)(2) of the Internal Revenue Code (the Code) and Notice 2005-98, 2005-52 I.R.B. 1211, and after review of your application submitted on April 19, 2006, including supplements thereto, we have determined that the projects described in Appendix A attached hereto are qualified for purposes of section 54 and will be owned by one or more qualified borrowers. We allocate authority to

(the Issuer), a qualified issuer under section 54, to issue up to \$ of Clean Renewable Energy Bonds (CREBs). Bonds issued pursuant to this allocation must be designated by the Issuer as bonds for purposes of section 54 for the projects described in Appendix A up to the amount allocated for each project described in Appendix A.

Further, we have determined that the project described in Appendix B attached hereto is qualified for purposes of section 54 and will be owned by a qualified borrower.

However, an allocation of shares of the Limitation for the entire amount requested cannot be made with respect to that project because the proposed allocation combined with other allocations of smaller shares will exhaust the Limitation. We propose to allocate additional authority to the Issuer to issue up to \$ to finance the project described in Appendix B. **The proposed allocation of \$ is not a final allocation and your response to this letter is required to receive the additional authority to issue CREBs.** Please respond in writing by January 2, 2007, to inform us whether you accept the proposed allocation. If you do not accept the proposed allocation, you may submit a written request by January 2, 2007, for a different amount in the form of a request to amend your application. Your request for a different allocation must meet the requirements of Notice 2005-98. Your amended allocation request may not exceed the proposed allocation amount.

If we do not receive a written response by January 2, 2007, we will consider your application for the project described in Appendix B to be withdrawn. If we receive a timely response from you, we will review the information provided in your application, including supplements thereto, and notify you of your final allocation. Bonds issued pursuant to a final allocation must be designated by the Issuer as bonds for purposes of section 54 for the project described in Appendix B up to the amount so allocated.

Any bonds designated pursuant to a final allocation must be issued on or before December 31, 2007. Please be aware that in order for bonds to be CREBs, the applicable requirements of the Code, including without limitation section 54, Notice 2005-98, and Notice 2006-7 must be met. Please note that CREB proceeds may be used to reimburse capital expenditures paid by qualified borrowers for qualified projects only if the provisions of section 54(d)(2)(C) are met.

An allocation of shares of the Limitation cannot be made with respect to the projects owned by the borrowers listed in Appendix C because the Limitation has been exhausted by allocation of shares to finance qualified projects owned by qualified borrowers requesting a smaller share of the Limitation.

An allocation of shares of the Limitation cannot be made with respect to the projects owned by borrowers listed in Appendix D because the application failed to demonstrate that one or more of the requirements of Notice 2005-98, Notice 2006-7, 2006-10 I.R.B. 559, or section 54 of the Code have been met.

For purposes of the renewable electricity production credit under section 45 of the Code, no inference may be drawn from this allocation that any project listed in the appendices attached hereto is a qualified facility or that electricity to be produced at such project(s) is electricity from a qualified energy resource at a qualified facility within the meaning of section 45.

This determination is directed only to the applicant named above. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, filed for bonds issued pursuant to this allocation.

The allocation contained in this letter is based upon information and representations submitted by the applicant for the CREB allocation and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the application for an allocation, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

We appreciate your submission of the application for our consideration and encourage you to continue to pursue your plans for constructing clean renewable energy projects. If you have any questions with respect to this allocation, please contact  
or of the Office of Division Counsel/Associate Chief Counsel  
Tax-Exempt and Government Entities on (not a toll-free call).

Sincerely,  
Assistant Chief Counsel, (Exempt  
Organizations/Employment Tax/Government  
Entities)  
(Tax Exempt & Government Entities)

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By: Timothy L. Jones  
Senior Counsel  
Tax-Exempt Bonds Branch



**APPENDIX A**

	<b>Borrower Name</b>	<b>Project Type</b>	<b>Project Location</b>	<b>Amount Allocated</b>
1		Landfill gas facility		\$
2	.	Solar energy facility		\$
3		Solar energy facility		\$
4	.	Solar energy facility		\$
5		Solar energy facility		\$
6		Solar energy facility		\$
7	.	Solar energy facility		\$
8		Solar energy facility		\$
9		Solar energy facility		\$

10	.	Solar energy facility		\$
11		Solar energy facility		\$
12		Solar energy facility		\$
13	.	Solar energy facility		\$
14		Solar energy facility		\$
15		Solar energy facility		\$
16		Solar energy facility		\$
17		Solar energy facility		\$
18		Solar energy facility		\$

19		Solar energy facility		\$
20		Hydropower facility		\$
21		Solar energy facility		\$
22		Landfill gas facility		\$
23		Landfill gas facility		\$
24		Solar energy facility		\$
25		Solar energy facility		\$
26		Solar energy facility		\$
27		Wind facility		\$
28		Wind facility		\$
29		Landfill gas facility		\$

30		Hydropower facility		\$
31		Landfill gas facility		\$
32		Wind facility		\$
33		Landfill gas facility		\$
34		Landfill gas facility		\$
35		Landfill gas facility		\$
36		Landfill gas facility		\$
37		Landfill gas facility		\$
38		Landfill gas facility		\$
39		Landfill gas facility		\$
40		Wind facility		\$
41		Hydropower facility		\$



42		Open-loop biomass facility		\$
43		Solar energy facility		\$
44		Hydropower facility		\$
45		Wind facility		\$
	<b>TOTAL</b>			\$

**APPENDIX B**

	<b>Borrower Name</b>	<b>Project Type</b>	<b>Project Location</b>	<b>Amount Requested</b>	<b>Proposed Allocation</b>
1		Wind facility		\$	\$

**APPENDIX C**

	<b>Borrower Name</b>	<b>Project Type</b>	<b>Project Location</b>	<b>Amount Requested</b>
1		Wind facility		\$
2		Hydropower facility		\$
	<b>TOTAL</b>			\$

**APPENDIX D**

	<b>Borrower Name</b>	<b>Project Type</b>	<b>Project Location</b>	<b>Amount Requested</b>
1		Open-loop biomass facility		\$